MINUTES

MEETING of the Executive Committee of the

Clean Power Alliance of Southern California

Wednesday, October 20, 2021, 1:30 p.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Executive Committee conducted this meeting remotely.

CALL TO ORDER AND ROLL CALL

Chair Mahmud called the meeting to order at 1:30 p.m. and Raynette Tom, Interim Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Beverly Hills	Julian Gold	Committee Member	Remote
Camarillo	Susan Santangelo	Committee Member	Remote
Los Angeles County	Sheila Kuehl	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
South Pasadena	Diana Mahmud	Chair	Remote
Ventura County	Linda Parks	Vice Chair	Remote
West Hollywood	Robyn Eason	Alternate Committee Member	Remote

All items are unanimously approved unless otherwise stated.

GENERAL PUBLIC COMMENT

None.

CONSENT AGENDA

1. Approve Minutes from September 15, 2021, Executive Committee Meeting

Motion: Committee Member Parkhurst, Sierra Madre
Second: Vice Chair Kuehl, Los Angeles County
Vote: Item 1 was approved by a roll call vote, with minor edits.

REGULAR AGENDA

2. Oral Update from the Executive Director on CPA Operations

Ted Bardacke, Executive Director, reported on the grand opening celebration of the High Desert Solar + Storage facility. Mr. Bardacke also noted that because of new rates and default changes, staff has closely monitored participation rates and the number of active customers, and all are holding up well.

Chair Mahmud commended staff for the well-executed grand opening of the High Desert Solar + Storage facility in Victorville, CA.

3. Review Draft Agenda for November 4, 2021, Board of Directors Meeting
Mr. Bardacke elaborated on the contract amendment with EcoMotion, noting that EcoMotion is conducting site visits to prepare for the first tranche of projects from the Power Share program. In response to Committee Member Zuckerman's question regarding the term of the contract and budget, Mr. Bardacke explained that when CPA launched the program, it needed to see how the program evolved and amount of take-up; therefore, the contract and budget were split into two budget cycles.

4. Implementation of CPA's Workforce Development Initiative
Gina Goodhill, Policy Director, provided an overview of the item. As part of the terms of its 2019 Power Purchase Agreement (PPA) with CPA, Mohave County Wind Farm, LLC committed to $1 million over four years in workforce development efforts for Los Angeles and Ventura Counties at the direction of CPA. To systematically explore options for investing the funds, CPA staff prepared a landscape analysis of clean energy workforce development investment opportunities. On December 3, 2020, the Board directed staff to "green" existing jobs by providing training and resources that will give workers the skills necessary to facilitate building and transportation electrification. Staff is proposing two programs that together would utilize the first two years of funding, a Microgrid Maintenance Workforce Training Program and a Sustainable Cybersecurity Training. The first program for consideration is through the Los Angeles Cleantech Incubator's (LACI) Advanced Prototyping Center (APC) fellowship program, part of a larger LACI green jobs effort and with a specific focus on increasing underrepresented populations in the green industry. Ms. Goodhill elaborated on the APC fellowship and explained that the Microgrid Program will give participants the skills to operate, deploy, and maintain a solar plus storage component and open career pathways in the field. CPA will have the option for additional cohorts after program evaluation. The second proposed program is through training centers in L.A. and Ventura Counties for students seeking to become IBEW/NECA certified electricians. Electrical apprentices have mandatory on-the-job training; work-based learning and mentorship. Additionally, Ms. Goodhill described the need for cybersecurity as reliance on smart technology increases; CPA also proposes cybersecurity apprenticeship training that expands existing electrical apprenticeships to address emerging smart cities and cybersecurity issues for building and transportation infrastructure and building automation. The training program will focus on training electricians to secure wiring, switching and control systems in smart infrastructure projects to build resilience. CPA funding would cover lab equipment and/or additional training. Lastly, Ms. Goodhill reviewed next steps in the process.

In response to Vice Chair Kuehl's questions about the selection of these programs and collaboration with L.A. County workforce development programs, Ms. Goodhill noted that EV programs already have funding sources; CPA proposes newer programs that address upcoming issues and goals that the Board of Directors has expressed interest in; collaboration and joint outreach with the county will definitely be explored. Responding to Committee Members Parkhurst, Santangelo, Zuckerman and Gold, staff noted that these programs were not presented to the Community Advisory Committee, however, the CAC was involved in the initial development of the program parameters. All programs will be governed by a Memorandum of Understanding (MOU) that will establish deliverables and metrics to evaluate the efficacy of the programs. Regarding the partnership with IBEW, funding is available to both current apprentices and future journeymen or others that want to learn the skillset. The advantage with these programs is that they will teach additional skill sets along with the existing courses on building wiring and that since it was teaching wiring techniques, the skills were unlikely to be made obsolete by new software development. Committee Member Eason expressed support for the programs and noted that they not only align with Board direction, but also address the biggest barriers in workforce training, supporting well-paying jobs.

In response to Chair Mahmud's request regarding CAC review, Mr. Bardacke noted that CAC will be involved in the outreach and program launch.

5. Presentation on Potential Pre-Pay Contract Structure

David McNeil provided a presentation of the item. Prepayment financings ("prepays") are financing mechanisms that allow municipal utilities to leverage their status as issuers of non-taxable debt to reduce costs incurred under existing power purchase agreements (PPAs). Prepays offer the opportunity to reduce existing renewable energy PPA costs by 5-10%. Mr. McNeil explained that savings originate from the difference between the lower non-taxable borrowing rates and higher taxable rates; they typically involve a guaranteed savings over 30-year purchase commitment period and would entail minimal risk to CPA. Mr. McNeil noted that 13 prepayments have been completed in California, including two by CCAs in September 2021. Mr. McNeil reviewed the prepay program flowchart and provided an example of a renewable energy prepayment. Mr. McNeil also explained the role of the conduit issuers, which tend to be joint powers authorities (JPA), such as government agencies; Northern CA CCAs created a conduit issuer JPA specifically for prepayment transactions, which CPA may consider joining. Additionally, Mr. McNeil explained that bonds are non-recourse to CPA; bond obligations are credit enhanced by the bank that receives the prepayment. Should the program terminate early, CPA would continue receiving energy at a discounted rate through the PPA, directly from the project and making payments to the project owner; CPA will not be at risk of non-payment under the bonds and not liable for the repayment of the bonds. Because CPA does not have any obligations under the bonds, they do not impact CPA's balance sheet or credit metrics. Mr. McNeil reviewed key players in the prepayment structure, noting that associated transaction costs are paid out of bond proceeds; CPA will not incur any direct expense, except for the PPA contracts counsel and operating costs associated with CPA's membership in a JPA. The market constraint on prepayment opportunities is the demand for prepaid bonds in the market and rate differentials; however, supportive market conditions may enable CPA to save $7-10 million per year on its PPAs. Lastly, Mr. McNeil summarized some next steps, including continuing research of prepays structures, evaluation and selection of participants, and Board approval of parameters for prepay transactions.

Vice Chair Kuehl expressed some concern with the convoluted process of the savings; asked how payments would be made to an energy provider under a PPA prepayment structure, and what part of the transaction generates savings for CPA. Mr. McNeil explained that CPA would make payments as it would normally do under a PPA, but at a discounted amount with no additional debt. Mr. McNeil explained that because energy suppliers under a prepayment structure have received the bond proceeds, they are paying for that bond at a lower tax-free rate. In the prepayment structure CPA would provide banks with a source of treasury funds at a lower non-taxable rate; their cost-savings are transferred to CPA through lower PPA rates. In response to Chair Mahmud's question regarding the benefits to project developers and Committee Member Lopez's question about the perceived risks and the role of the Board, Mr. McNeil stated that the benefits are really for CPA and the participating bank which will have a lower cost of funds for the project; the prepayment structure has been used by other industries, but CCA's are just starting to take advantage of this process and staff is not aware of any significant risks currently other than staff time on a project that may not come to fruition, but staff will continue to do research to understand the process better. The Board will have to approve required documentation and authorization to enter into these types of agreements. Responding to Committee Member Parkhurst and Vice Chair Parks, Mr. McNeil agreed that the prepayment structure is a form of interest rate arbitrage, at least for the initial period and not all the other CCAs who have successfully completed such transactions are investment grade CCAs, as such CPA's credit facility is not a major consideration; staff has not determined what bond issuance amount is appropriate for CPA yet. Committee Member Gold asked about the impact of changes in the bond market; Mr. McNeil noted that it is possible that CPA may save money for the first 5-10 years of the PPA but not thereafter should the bond market change; the agreement between CPA and the project developer will revert back to a traditional PPA. CPA will have no obligations for defaulted bonds; therefore, the bond investor will be interested in the credit rating of the bank in the case that the prepayment structure collapses.

After further comments from Committee Members Gold and Zuckerman, the Executive Committee agreed that staff should continue to do research, have further discussion of this item at the Finance Committee and provide a briefing to the Board in advance of being asked to make any decisions.

6. Staffing Update

Mr. Bardacke provided a brief presentation of the item and noted that CPA has faced staff turnover and is taking several steps to retain current staff and accelerate hiring. Turnover has impacted operations, morale, and workload; there has been an increase in costs for search, onboarding and training. Mr. Bardacke reviewed reasons for departure, including better salaries/opportunities, burnout, flexible schedule offerings, and other items related to COVID-19. CPA has offered extra pay for increased responsibility after departures; hired recruiters under contract and engaged in proactive outreach; CPA is considering expansion of remote work options; and planning ahead for organizational needs as opposed to fiscal year targeting. Mr. Bardacke reviewed new positions aimed at developing staff redundancy and noted more positions may be deemed necessary as CPA continues to evaluate staffing needs. With regard to the budget, Mr. Bardacke noted that there is a potential increase to the staffing budget of 2.5-3.5% in the current fiscal year, which would be addressed in the mid-year budget adjustment and the potential of annualized salary cost increase of approximately 12.5%, which would be addressed in the FY 2022/23 budget Mr. Bardacke stated that both increases are manageable given CPA's fiscal position.

Vice Chair Kuehl commented that more and more employees are concerned with quality of life and childcare, and the key to successfully expanding CPA's workforce may be in understanding that people need to feel appreciated in their work and what priorities are important to prospective employees. Committee Member Zuckerman inquired as to exit interviews and engagement surveys. Mr. Bardacke clarified that exit surveys are conducted with all departing employees, and two main concerns that have stood out are staff burnout and life goals reassessment, and those surveys have informed next steps for CPA. Committee Member Gold expressed support for the proposed actions to address staffing issues and encouraged Mr. Bardacke to take the necessary steps in staffing to run the organization well.

CLOSED SESSION

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (Government Code Section 54957)

   Title: General Counsel

8. PUBLIC EMPLOYEE - LABOR NEGOTIATION (Government Code Section 54957.6)

   Clean Power Alliance representatives: Chair Diana Mahmud, Vice Chair Sheila Kuehl, and Vice Chair Linda Parks

   Unrepresented employees: Executive Director and General Counsel

   Chair Mahmud noted that the Executive Committee reached consensus and direction was given on the closed session matters.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Chair Mahmud adjourned the meeting at 4:41 p.m.